

REMARKS

Applicants thank Examiner Harbeck for a helpful telephone interview on March 21, 2006. In that interview, the Examiner suggested we point out distinguishing elements between our invention, as claimed, and the cited references. Applicants have prepared this Amendment consistent with the suggestion of the Examiner.

Claims 1-40 are pending in the present application. Claim 27 has been amended. Support for amendments to Claim 27 is found at least on page 24, lines 8-16 and in Claim 30 of the specification as originally filed. Claim 30 has been cancelled in favor of amended Claim 27. Support for amendments to Claim 36 is found at least on page 25, lines 12-20 of the specification as originally filed. No new matter is being introduced by way of these amendments.

Claims 1-5 and 7-24 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Keating ("The New Business of Giving." Peter Keating, Beverly Goodman. Money. New York: 1998. Vol. 27, Iss. 13; pg. 92, 3 pgs.) in view of Charitable Gift Fund (hereafter CGF, "Charitable Gift Fund: Resource Center – Securities Donation Tool," <http://web.archive.org/web/20000229084733/www301.charitablegift.org/resource/calculator/index.shtml>.)

In one embodiment of the present invention charitable gifts, in the form of assets, are transferred by a donor to a receiving entity. More specifically, the invention software compiles donor investment portfolio data using brokerage account information associated with a donor investment portfolio. After compiling the donor investment portfolio data, the invention software analyzes the donor investment portfolio to identify assets representing tax efficient gift transfers. For each identified asset, an unrealized gain as well as a tax savings associated with transferring the asset is calculated and displayed. Using this displayed information, the donor selects assets from their investment portfolio to transfer as a charitable gift. (Specification, page 8, line 20 – page 9, line 4; Claim 1.)

To further illustrate how Applicants' present invention operates, Applicants point to Fig. 3. Specifically, Fig. 3 is a diagram showing a process for the donation of appreciated assets as configured according to an embodiment of the present invention. An investor requests that his bank 120 send a fixed amount of money each month to his investment company 130 (e.g., his

mutual fund company). The investment company 130 receives the cash and immediately invests it according to the previously specified investor's wishes. The investor makes a transfer of an appreciated asset from his investment account to a donor advised organization 104. This is done electronically by the invention software compiling donor assets data, analyzing the assets and enabling investor selection of specific assets to transfer to the DAO 104 with gifting instructions. The DAO 104 then send checks out to the various charities on the donor's behalf. The funds can be transferred to the receiving charities (106, 108, 109) once the donor knows the exact value of the assets that have been transferred. (Specification, page 32, lines 16-26.)

In contrast to the present invention, Keating does not teach (1) compiling donor investment portfolio data from each brokerage account associated with a subject donor investment portfolio; (2) how to analyze the subject donor investment portfolio; and (3) automated identification of assets representing tax efficient gift transfers from a donor to a receiving entity. Instead, Keating deals with a service for clients to integrate donations with their financial planning and offers vehicles for charitable giving. Keating does not provide an automated method or means for identifying assets that represent a tax efficient gift transfer for a given client. "For instance, the Fidelity Charitable Gift Fund will invest your donation of \$10,000 or more (in cash or stock) in one of four pools and contribute any portion to nonprofit organizations you (e.g., a donor) select, whenever you like (minimum disbursement:\$250.) In the meantime, you can deduct your donation when you deposit it-even if you take years to give it all away-and the money grows taxfree." (Keating, 4th full paragraph.) In this way, Keating teaches a service where the donor, not a computer, can select a donation from one of four pools. This is unlike Applicants' claimed invention ("*. . . in a computer network, compiling donor investment portfolio data from each brokerage account associated with a subject donor investment portfolio . . .*" and "*. . . using at least one computer in the computer network, analyzing the subject donor investment portfolio and identifying assets representing tax efficient gift transfers from a donor to a receiving entity. . .*") as recited in base Claim 1.

CGF, like Keating, does not deal with compiling donor investment portfolio data or analyzing subject donor investment data as in the claimed invention. Instead, CGF provides a securities donation tool that allows a user to enter a donation amount and generate a chart that compares the after tax benefit. (CGF, page 1, paragraphs 1 and 2.) However, CGF does not

teach (1) compiling donor investment portfolio data from each brokerage account associated with a subject donor investment portfolio; (2) how to analyze the subject donor investment portfolio; or (3) automated identification of assets representing tax efficient gift transfers from a donor to a receiving entity. Instead, CGF provides a donor with a tax benefit value of donating a specific amount without regard to a donor investment portfolio.

The Office Action states as obvious financial planners similarly analyzing a client's assets as in the claimed invention. Applicants disagree for the following reasons:

1. The process of analyzing a donor's investment assets, in particular for high net worth donors who have numerous investments held in multiple brokerage accounts, can be an intensely manual one. It would be both time and cost prohibitive for the average financial planner to recreate the level of detailed analysis provided by the present invention. (See as an example sections [0062]-[0063] in Applicants' published patent application, which illustrates information not typically available to financial advisors to aid in the decision making process.)
2. Financial advisors as a group do an inadequate job of providing their clients with proficient advice regarding charitable gift planning and analysis. As reported in the Chronicle of Philanthropy, financial planners who claimed they actively helped clients with making charitable gifts scored 20 out of 100 when actually tested on their in-depth knowledge of the intricacies of more complex non-cash gifts. Stock brokers and accountants did little better, scoring 30 out of 100. According to Russ Prince, who helped oversee the study, ***"Most financial experts are not up to speed when it comes to the mechanics of charitable giving, even though that's what their wealthy clients want."*** (*The Chronicle of Philanthropy*, "Rich Donors Cite Displeasure with Financial Advisors," Vol. IX, No. 20, August 7, 1997.)
3. The majority of financial planners and even other advisors (e.g., CPAs, brokers, and estate planners) fail to engage their clients in meaningful dialogue about integrating their charitable giving goals with their financial planning. This fact is well documented. For example, a study conducted by The Council on Michigan Foundations and the Philanthropic Initiative ***"revealed that more than 80 per cent [of financial planners] did not discuss philanthropy unless the client raised the issue."*** (*The Chronicle of Philanthropy*, "Charities are Encouraging Lawyers, Brokers, and other Advisers to Point their Clients Toward Philanthropy," Vol. IX, No. 20, August 7, 1997.)

Assuming arguendo, one ordinary skilled in the art combined the Keating and CGF teachings, the present invention would not result. In particular, Keating and CGF allow a financial planner along with a client to manually make a selection from fairly ready made choices (e.g., 10K or more, one of four pools, etc.) which are generic across clients. Finalizing the selection (i.e., specifying a dollar amount and choice of given pools), even with a financial planner, does not teach, imply or otherwise suggest (1) compiling donor investment portfolio data from each brokerage account associated with a subject donor investment portfolio;

(2) analyzing the subject donor investment portfolio; and (3) automatically identifying assets representing tax efficient gift transfers from that donor to a receiving entity; as claimed in base Claim 1.

Referring now to base Claim 14, the Office Action at hand states on pages 7 and 8, "It was well known in the art at the time of invention to use automated means to complete a variety of financial transactions. Many online programs allow clients to make trades regarding securities and further allow them to set parameters with regards to these transactions (such as price and time of transaction) and follow these guidelines automatically for the client." However, the purposes and outcomes of Applicants' invention as compared to online brokerage programs are entirely different. Consider, for example, the concept of a "market order." The meaning within the brokerage industry is to buy/sell a certain asset at the best available price on the open stock-market exchange at the time the order is placed. The person placing the order either pays cash in return for purchasing the asset, or receives cash from a buyer for the asset. The concept of a "market order" when applied to gifting securities has a different meaning and entirely different outcome. When a "market order" is placed using Applicants' invention, the donor is indicating that he wishes to give his asset to charity at the time the market order is placed. The result of a gift "market order" is that a) the donor is requesting that his asset be instantaneously transferred to the charity of his choice; b) the donor is locking in the tax value of his gift at the instant the order is placed; and c) the donor is requesting that the asset being gifted be sold by the charity at the best possible price at the time the "gift order" is placed. (Specification, page 18, line 25 – page 19, line 6.) In this way, the present invention provides a timing technique during the transfer of assets. Neither Keating nor CGF consider a timing technique as claimed by Applicants.

Accordingly, neither Keating nor CGF individually or in any combination imply, suggest or make obvious the claimed method or system for *"in a computer network, compiling donor investment portfolio data from each brokerage account associated with a subject donor investment portfolio . . ."* and *" . . . using at least one computer in the computer network, analyzing the subject donor investment portfolio and identifying assets representing tax efficient gift transfers from a donor to a receiving entity"* as claimed in base Claim 1 or the claimed method or system for developing *"...at the donor predefined time automatically initiating the*

desired transfer by electronically effecting transfer of the donor selected asset as a gift to the receiving entity according to the selected asset transfer timing technique" as claimed in base Claim 14. Dependent Claims 2-5, 7-13 and 15-24 inherit these limitations from respective base claims. Thus, the § 103 rejection of Claims 1-5 and 7-24 as being unpatentable over Keating in view of CGF is believed to be overcome. Acceptance is respectfully requested.

Claim 6 has been rejected under 35 U.S.C. 103(a) as being unpatentable over Keating in view of CGF and further in view of The Fidelity Charitable Gift Fund Program Circular (hereinafter Fidelity, found via the WayBack Machine, <http://web.archive.org/web/20000123054942/www301charitablegift.org/establish/index>, 12/22/1999, specifically, note the link at the top of the page to the PDF document.)

Fidelity, similar to Keating, teaches allocating your Gift Fund contribution to one of four investment pools. (Fidelity, page 1, last paragraph). The Fidelity reference merely discusses the process described in Keating. Therefore, Fidelity, does not add to Keating and CGF the missing claim features of *"... in a computer network, compiling donor investment portfolio data from each brokerage account associated with a subject donor investment portfolio ..."* and *"... using at least one computer in the computer network, analyzing the subject donor investment portfolio and identifying assets representing tax efficient gift transfers from a donor to a receiving entity. . ."* as claimed in base Claim 1.

Thus, no combination of Fidelity, Keating and/or CGF imply, suggest or make obvious the claimed process as claimed in base Claim 1. Claim 6 depends from base Claim 1 and thus inherit these claim limitations. Thus, the § 103 rejection of Claim 6 being unpatentable over Keating in view of CGF and in further view of Fidelity is believed to be overcome. Acceptance is respectfully requested.

Claims 25 and 26 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Keating in view of CGF as applied to Claim 1 above, and further in view of "America's Charities Selects DonorNet as Exclusive E-Commerce Provider." (hereafter Editors, Business Editors. Business Wire. New York: June 1, 1999. pg. 1.)

Editors teaches a solution that "allows nonprofits to use the Internet's interactive features to enhance communications with donors, as well as give donors the choice of how, when and in what format they want to receive the nonprofit's message." (Editors, page 2, 7th full paragraph.)

In this way, Editors provides a tool for nonprofits rather than a tool for a donor. Further, Editors does not teach a means for (1) compiling donor investment portfolio data; or (2) donor selected timing of transfer of each selected asset as claimed in base Claim 23. Therefore, Editors does not add to Keating and CGF the missing claim features of “. . . *compiling donor investment portfolio data . . .*” or “. . . *selecting specific assets from the donor investment portfolio for transferring as a gift to the receiving entity, said selecting including donor selected timing of transfer of each selected asset such that valuation of each selected asset is defined as a function of donor selected timing of transfer . . .*” as claimed in base Claim 23. Claims 25 and 26 depend from base Claim 23 and thus inherit these claim limitations. Thus, the § 103 rejection of Claim 25 and 26 being unpatentable over Keating in view of CGF and in further view of Editors is believed to be overcome. Acceptance is respectfully requested.

Claims 27-31 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Merrell (“Tip of the Week: Give to Charity, not to the Taxman.” The Guardian (pre-1997 Fulltext). Manchester (UK): Sep 10, 1995, pg. 10.)

In one embodiment of the present invention, a business method of dispersing funds from a donor advised organization to charities is provided. One such step of dispersing funds is to send pre-issued checks to the donor. These checks are drawn from a bank account and specify the name of the charity. The checks may or may not be pre-printed with a dollar amount to be given to the charity. If the dollar amount is specified on the checks, the value of the checks is deducted from the donor's charity account when the checks are sent out to the donor. If the dollar amount is not pre-printed on the checks, then the check is only able to be cashed by the charity if an adequate balance is available in the donor's charity account at the associated DAO (a service charge can be imposed on the donor for any "bounced" checks from an over-drawn account; Specification, page 24, lines 8-16.)

In contrast to the present invention, Merrell's provides donors with a special “CharityCard” and “charity cheques,” for the purpose of making grants to other qualified charities. In particular, Merrell teaches “. . . money from the Charities Aid Foundation (CAF) account can be distributed to whichever charities you choose. You can use the debit card, to make donations via telephone hotlines, or use one of the cheques supplied in books distributed with the accounts.” (Merrell, page 2, 3rd full paragraph.) In this way, Merrell provides a donor

with a debit card or check that, by design, does not specify a certain charity. Thus, Merrell does not teach specifying a certain charity on a charity check, in contrast to the claimed invention.

Accordingly, Merrell does not imply, suggest or otherwise make obvious “. . . *specifying a certain charity on the charity check . . .*” as claimed by amended base Claim 27. Claims 28-31 depend from base Claim 27 and thus inherit these claim limitations. Thus, the § 103 rejection of Claim 27-31 being unpatentable over Merrell is believed to be overcome. Acceptance is respectfully requested.

Claims 32-35 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Anonymous (“How to Give More for Less.” Management Today. London: Aug 1998. pg. 76, 2 pgs.) hereafter Anonymous.

Anonymous provides a scheme that “. . . is set up by your wages department so that staff can make charitable contributions directly from gross pay, which means they are tax free.” (Anonymous, page 1, 2nd full paragraph.) Once the scheme is setup, money is deducted every month which allows employees to choose a Personal Charity Account for donations. (Anonymous, bottom of page 1 thru top of page 2.) Management does not, however, provide an employer benefits system that utilizes pretax employee income means to define, in a computer system, one or more charitable gifts. Instead, Anonymous gives the employee a choice of charities rather than using a computer system to define one or more charitable gifts.

Accordingly, Anonymous does not imply, suggest or otherwise make obvious “*providing an employer benefits system that utilizes pretax employee income means to define, in a computer system, one or more charitable gifts from employee waived income to be donated on behalf of the employee*” as claimed by base Claim 32. Claims 33-35 depend from base Claim 32 and thus inherit these claim limitations. Thus, the § 103 rejection of Claim 32-35 being unpatentable over Anonymous is believed to be overcome. Acceptance is respectfully requested.

Claims 36 and 37 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Drache (“Hedge Fund Gift Sparks Furor: North Star Investors’ Offers Sends Charities Looking Advice,” National Post. Don Mills, Ont.: Dec 7, 1998. pg. C.8.) hereafter Drache.

One embodiment of the present invention provides the following: easy access to sophisticated evaluation tools for choosing gifts that maximize tax-efficient giving; fully automated transfer mechanism for giving appreciated assets on a continuing basis (e.g., monthly

or quarterly); speed of transfer (instant transfer versus 1-3 weeks); "point, click and give" ease of transferring assets to charity; removal of wealth barriers in the area of asset gifting; back-office support for the transfer of assets to charities and donor advised organizations; and introduction of a unique ability to gift unrealized gains (while keeping 100% of the basis) through currently existing hedge funds. (Specification, page 8, lines 20-27.)

Drache provides an example of investors within a hedge fund making gifts to a charity. In particular, Northern Star investors gave away the hedge fund units without regard to cost basis and appreciation of those units. (Drache, bottom of page 1.) In contrast, Applicants' invention claims the calculation and separation of corpus (cost basis) from appreciation. In fact, only the appreciated value of the hedge fund units is given to charity, in part or in whole. Stated differently, key to the present invention is the ability to split cost basis from appreciated value (cost basis + appreciation = hedge fund unit value). Drache does not teach such a split or separation of cost basis from appreciation (e.g., withdrawing resulting in remaining units equivalent to appreciated value of units of the hedge fund.)

Accordingly, Drache does not imply, suggest or otherwise make obvious *"... in a computer system, identifying the amount of unrealized gain allocated to an owner of units from a limited partnership, the limited partnership including a hedge fund . . ."* or *"... withdrawing resulting in remaining units equivalent to appreciated value of units of the hedge fund . . ."* as claimed by base Claim 36. Claim 37 depends from base Claim 36 and thus inherit these claim limitations. Thus, the § 103 rejection of Claim 36-37 being unpatentable over Drache is believed to be overcome. Acceptance is respectfully requested.

Claims 38-40 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Halverson ("Make gifts grow before they go to charity." Christian Science Monitor. Boston, Mass.: Dec 6, 1999. pg. 20.) hereafter Halverson.

Yet another embodiment of the present invention provides a business method of making tax-efficient gifts to charities by declining the receipt of distributions of mutual funds or other similar unitized funds. A donor/client establishes contractual relationship with a mutual fund company or a person or entity authorized to represent such a company. (Specification, page 25, line 28 – page 26, line 3.)

Halverson, discusses Fidelity's Charitable Gift Fund (CGF) as described above by Keating. More specifically, Halverson states, "The proceeds, which are managed within the charitable fund, are earmarked by the investor to charities of his or her choice. Again, you pick the way you want the proceeds distributed. Perhaps you just want to distribute the dividends. Or a mix of principle and dividends. Your choice." (Halverson, page 2, 9th full paragraph.) Halverson does not, however, allow a donor to deny receipt of a distribution as claimed by Applicant in Claim 38.

Accordingly, Halverson does not imply, suggest or otherwise make obvious ". . . *declining receipt, by an owner, of at least a portion of a unitized fund distribution, the distribution being taxable . . .*" as claimed by base Claim 38. Claims 39-40 depend from base Claim 38 and thus inherit these claim limitations. Thus, the § 103 rejection of Claim 38-40 being unpatentable over Halverson is believed to be overcome. Acceptance is respectfully requested.

Information Disclosure Statement


A Supplemental Information Disclosure Statement (IDS) is being filed concurrently herewith. Entry of the IDS is respectfully requested.

CONCLUSION

In view of the above amendments and remarks, it is believed that all claims (Claims 1-40) are in condition for allowance, and it is respectfully requested that the application be passed to issue. If the Examiner feels that a telephone conference would expedite prosecution of this case, the Examiner is invited to call the undersigned.

Respectfully submitted,

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